Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 047865
ORIGIN EUR-12

INFO OCT-01 ISO-00 CIAE-00 INR-10 NSAE-00 COME-00
AGRE-00 EB-08 TRSE-00 OMB-01 /032 R

DRAFTED BY EUR/SOV:JLCOLBERT:INR/REC:MKOHN:PJP
APPROVED BY EUR/SOV:MGARRISON
EUR/SOV:WHEDGAR
COMMERCE/BEWT:VZABIJAKA
----------016904 250454Z /21
R 240309Z FEB 78
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW

LIMITED OFFICIAL USE STATE 047865

E.O. 11652: N/A

TAGS: ETRD, UR, US

SUBJECT: US-SOVIET TRADE, 1977

1. DETAILED BREAKDOWN OF US TRADE WITH THE USSR IN 1977 HAS BEEN POUCHED TO THE EMBASSY.

2. SUMMARY OF 1977 TRADE FIGURES COMPARED WITH 1976 (IN MILLIONS OF DOLLARS) IS AS FOLLOWS:

	1977	1976
US EXPORTS	1623	2306
--NON-GRAIN EXPORTS	619	835
US IMPORTS	234	221
TRADE TURNOVER	1857	2527
US TRADE SURPLUS	1389	2085

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 047865

3. DROP IN TOTAL TRADE IN 1977 COMPARED WITH 1976 WAS MAINLY DUE TO THE DECLINE IN EXPORTS OF GRAIN AND FEED-STUFFS. THESE EXPORTS WERE ABOUT 1 BILLION DOLS IN 1977 (REFLECTING GOOD SOVIET HARVEST IN 1976) AND ABOUT 1.5 BILLION DOLS IN 1976 (REFLECTING HARVEST DISASTER OF 1975). ONLY A SMALL PART OF 1977 EXPORTS REFLECTS INCREASED SOVIET GRAIN PURCHASES THIS FALL.

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

4. EXPORTS TO THE USSR OF COMMODITIES OTHER THAN GRAIN AND FEEDSTUFFS DID NOT DECLINE AS SHARPLY AS SOVIET OFFICIALS HAVE BEEN PREDICTING, (FOR EXAMPLE, PATOLICHEV'S CLAIM LAST JUNE THAT THEY WOULD BE CUT IN HALF).

5. OVERALL SOVIET HARD CURRENCY IMPORTS LAST YEAR (IN CURRENT PRICES) PROBABLY REMAINED AT ABOUT THEIR 1976 LEVEL AND MAY EVEN HAVE FALLEN SLIGHTLY. THIS WAS DUE IN LARGE MEASURE TO A SHARP DECREASE IN GRAIN IMPORTS, BUT NON-GRAIN IMPORTS IN CURRENT PRICES ROSE BY ONLY ABOUT FIVE PERCENT. IN REAL TERMS, THIS ALMOST CERTAINLY REPRESENTS A DECLINE.

6. OFFICIAL SOVIET DATA FOR THE FIRST NINE MONTHS OF 1977 SHOW THAT THE EXPORTS OF MOSCOW'S LEADING WESTERN TRADING PARTNER -- THE FEDERAL REPUBLIC OF GERMANY -- WERE EIGHT PERCENT LOWER IN JANUARY-SEPTEMBER OF LAST YEAR THAN IN THE SAME PERIOD THE YEAR BEFORE. OTHER WESTERN COUNTRIES WHOSE EXPORTS TO THE USSR WERE LOWER FOR THE FIRST THREE QUARTERS OF 1977 VIS-A-VIS THE SAME PERIOD OF 1976, ACCORDING TO SOVIET TRADE DATA, WERE DENMARK (6 PERCENT), THE NETHERLANDS (1 PERCENT), NORWAY (9 PERCENT), PORTUGAL (1 PERCENT), AND SWITZERLAND (24 PERCENT). JAPANESE TRADE STATISTICS REGISTERED A DECLINE IN JAPAN'S EXPORTS TO THE SOVIET UNION FOR THE JANUARY-SEPTEMBER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

1977 VS JANUARY-SEPTEMBER 1976.

7. THESE FIGURES INDICATE THAT SOVIET IRRITATION WITH OUR LEGISLATIVE RESTRICTIONS IS NOT THE ONLY REASON FOR THE DECLINE IN US EXPORTS TO THE USSR LAST YEAR. THE DECLINE CAN ALSO BE EXPLAINED BY THE GENERAL CURTAILMENT BY THE SOVIETS OF IMPORTS FROM THE WEST, DUE TO THEIR HARD CURRENCY SQUEEZE. IT IS LIKELY THAT THIS SQUEEZE WILL CONTINUE, AS IN 1977 THERE WAS A FIFTY PERCENT DROP IN SOVIET ORDERS FOR WESTERN MACHINERY.

8. AT A RECENT MEETING, SOVIET TRADE REPRESENTATIVE MKRTUMOV INDICATED THAT SOVIET TRADE STATISTICS FOR 1977 SHOWED SOVIET EXPORTS TO THE US TO BE ABOUT 300 MILLION DOLS, OR SUBSTANTIALLY HIGHER THAN US FIGURES. WE BELIEVE THIS DIFFERENCE IS DUE TO THE FACT SOVIET FIGURES ARE ON C.I.F. LANDED COST BASIS, AND INCLUDE BOTH TRANSHIP-

PED COMMODITIES AND GOODS EXPORTED TO OTHER COUNTRIES FOR INTERMEDIATE PROCESSING WHERE THE US IS THE FINAL DESTINATION. IN ANY EVENT, US IMPORTS FROM THE USSR REMAIN AT ABOUT THE LEVEL OF 1976 AND 1975. THE HEAVY SOVIET DEFICIT

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

IN COMMODITY TRADE WITH US CONTINUES, AND IN THE PAST SIX
YEARS HAS GROSSED IN EXCESS OF 6.7 BILLION DOLS.

9. EMBASSY COMMENTS WELCOMED. VANCE

LIMITED OFFICIAL USE

NNN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 24 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE047865
Document Source: CORE
Document Unique ID: 00
Drafter: JLCOLBERT:INR/REC:MKOHN:PJP
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780087-0480
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780215/aaaaamof.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 63b938d0-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3483887
Secure: OPEN
Status: NATIVE
Subject: US-SOVIET TRADE, 1977
TAGS: ETRD, UR, US
To: MOSCOW
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/63b938d0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014